

Message Text

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PAGE 01 BUENOS 00836 042018Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 USIA-06 FEA-01 FPC-01 AEC-05

DOT-00 /085 W

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R 041925Z FEB 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 9808

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E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: GOA RAISES PUBLIC SERVICE RATES

REF BA 746

1. EFFECTIVE 1 FEB, GOA RAISED PRICES OF MOST PRODUCTS AND SERVICES PROVIDED BY PUBLIC ENTITIES. INCREASES VARY WIDELY BUT REPORTEDLY AVERAGE 40-50 PERCENT. TELEPHONE, TELEGRAPH AND SANITARY WORKS PRICES NOT YET RAISED, BUT EXPECTED TO GO UP SOON. ACCORDING TO PRESS ACCOUNTS, MOST IMPORTANT INCREASES AS FOLLOWS:

FUELS - GASOLINE PRICES RAISED FROM 3.40 TO 4.80 PESOS/LITER NORMAL, AND 3.80 TO 5.50 PESOS/LITER SUPER (\$1.30 - \$1.83 GALLON AND \$1.45 - \$2.10 GALLON RESPECTIVELY AT FINANCIAL RATE OF 9.93 PESOS/DOLLAR) SUBSTANTIAL INCREASES ALSO DECREED FOR KEROSENE, GAS OIL, DIESEL OIL, COAL AND GAS.

ELECTRICITY - INCREASES AVERAGE ABOUT 40 PERCENT.

RAILWAYS - PASSENGER RATES INCREASED APPROXIMATELY 50 PERCENT;

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FREIGHT SERVICE RAISED 42 PERCENT.

DOMESTIC AIR SERVICE - PASSENGER FARES UP 35 PERCENT; FREIGHT RATES INCREASED 24-40 PERCENT.

TRUCK TRANSPORT - 40 PERCENT INCREASE OVER RATES IN EFFECT 4/1/74. IN CASE HIGHER RATES ALREADY APPROVED SINCE THEN, INCREASE IS 12.5 PERCENT.

MARITIME TRANSPORT - VARIOUS INCREASES DECREED FOR FREIGHT AND PASSENGER SERVICES WITH MAXIMUM ABOUT 50 PERCENT.

2. COMMENT. ON POSITIVE SIDE, THESE SUBSTANTIAL INCREASES, TOO LONG DELAYED, SHOULD HELP IMPROVE FINANCIAL SITUATION OF PUBLIC ENTITIES THEREBY REDUCING REQUIREMENTS FOR TREASURY SUBSIDIES AND IMPROVING GOA FISCAL SITUATION. NONETHELESS, TIMING OF INCREASES NOT VERY AUSPICIOUS WITH INFLATION ALREADY RISING RAPIDLY (THE FURTHER INCREASE IN FUELS COSTS ARE LIKELY TO HAVE A PARTICULARLY SHARP IMPACT) AND PRIVATE WAGE NEGOTIATIONS ABOUT TO BEGIN.

HILL

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Message Attributes

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Disposition Reason:
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Margaret P. Grafeld
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